



COMMITTEE ON THE BUDGET

Majority Caucus
U.S. House of Representatives
Jim Nussle, *Chairman*

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FACT SHEET

FY 2006 Budget Resolution Conference Agreement

Budget Themes

- **Continued Strength:** Accommodates the full amount of the President's request for Defense and Homeland Security.
- **Continued Growth:** Continues our successful economic policies – including tax relief, spending restraint, and deficit reduction – to ensure strong, sustained economic growth and job creation continues.
- **Restrained Spending:** Takes the necessary steps to slow the growth of our currently unsustainable rate of federal spending, and continues our work to reduce the federal deficit.

Overall Spending

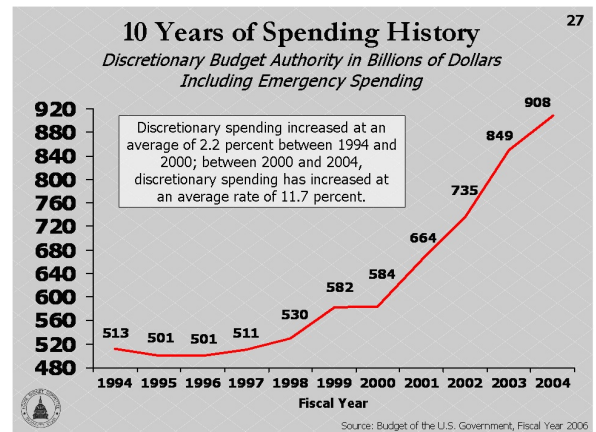
- **Total:** \$2.56 trillion in total budget authority for FY 2006 – an increase of \$80 billion over FY 2005 budget authority of \$2.48 trillion.
 - ▶ **Discretionary:** \$843 billion for regular appropriations bills – an increase of 2.1% over FY 2005.
Defense: \$419.5 billion – an increase of 4.8%. (Assumes President's request.)
Homeland Security: Net spending of \$32.5 billion – an increase of 2.3%.
All Other Spending: \$391.1 billion – an overall reduction of 0.8%.
War on Terror: Budget also accounts for the pending FY 2005 Supplemental (\$82 billion), and anticipates \$50 billion for FY 2006 costs. (The President's budget included no accommodation for FY 2006 costs of the war on terror.)
 - ▶ **Mandatory:** Accommodates \$1.6 trillion – an increase of 7.0% over FY 2005 – in total mandatory spending (outlays).

Deficit Reduction

- FY 2004 projected deficit was \$521 billion, but we ended the year with a \$412 billion deficit – a \$109 billion, or 20% reduction. This keeps us on track to cut the deficit in half by 2009, both in dollars and as a percentage of GDP.
- This budget furthers deficit reduction by:
 - ▶ Continuing our successful economic policies (no tax increase);
 - ▶ Reducing total non-security discretionary spending by 0.8%;
 - ▶ Slows the growth of mandatory spending by 0.1% over five years – from its current rate of 5.7% over the 2004-2010 period to 5.6% – through savings in the reconciliation process.

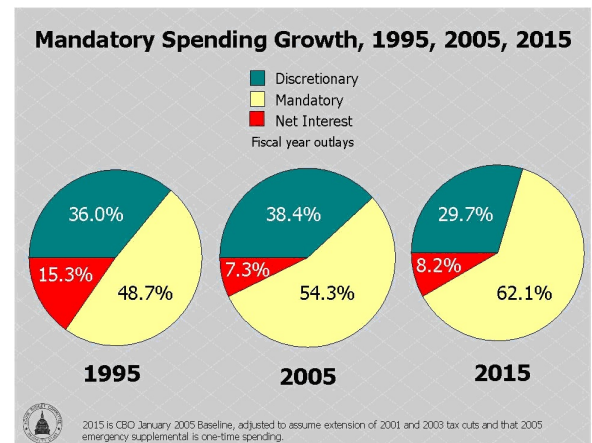
Discretionary Spending

- The 0.8% reduction in non-security discretionary spending does not mean every program will be reduced by that amount. The Appropriations Committee may decide to give higher-priority programs increases, while reducing the duplicative, lower-priority, or under-performing programs.
- Overall discretionary spending has increased by an average of 5.9% each year during the past decade – more than twice the rate of inflation (2.4%).
- The budget does not determine or dictate specific funding or policy decisions – it simply sets the top- line budget authority (the 302(a)) number. Decisions about funding levels for specific programs are made by the Appropriations Committee.



Mandatory Spending

- The budget slows the growth of mandatory programs from its current rate of 5.7% to 5.6% – or one-tenth of one percent – over five years.
- Mandatory spending continues to take up a larger and larger share of the federal budget. In 2005, it will account for 54.3%. At its current growth rate, by 2015 it will account for 62.1% of the federal budget.
- The more mandatory spending grows, the less money is available for other priorities.
- The only way to get the growth of these programs back to a sustainable level is through reform. Reform happens through the reconciliation process.



Reconciliation

- Eight House authorizing committees are instructed to find \$1.5 billion in savings in FY 2006, and \$34.7 billion in savings over five years.
- The budget does not dictate where or how those savings are to be found. Specific levels and policy changes are made by the committee of jurisdiction.
- Reconciliation bills are protected from filibuster in the Senate, so are more likely to yield reforms.
- Reconciliation legislation is due by 9/16/2005.

Other Key Facts

- Energy: Accommodates funding for the Energy Policy Act of 2005.
- Transportation: Accommodates funding for TEA-LU as passed by the House
- ANWR: Does not assume receipts from ANWR.
- Social Security: Social Security benefits are classified as “off budget;” they are not a part of the budget resolution.
- Retirement: Begins the process of restoring strength in private pension programs.
- Veterans: Does not assume savings from veterans entitlements.